

Deferred Compensation Plan BOARD REPORT 11-13

Date: February 2, 2011
To: Board of Deferred Compensation Administration
From: Staff
Subject: Roth 457 Update

*Board of Deferred Compensation
Administration
Eugene Canzano, Chairperson
Richard Kraus, Vice-Chairperson
Sangeeta Bhatia
Cliff Cannon
Tom Moutes
John R. Mumma
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Recommendation:

That the Board of Deferred Compensation Administration receive and file the following information regarding implementation of a Roth 457 savings option within the Deferred Compensation Plan.

Discussion:

At the Board's January 18, 2011 meeting, staff reported to the Board that staff has tentatively scheduled an implementation date of May 1, 2011 for the Plan's Roth 457 savings option.

The following are updates in certain areas that need to be addressed before implementation:

Governing Documents - Mercer has reviewed the City Administrative Code and has provided their comments which are now with the City Attorney. Staff is still in the process of drafting revisions to the Plan Document based off the model language provided by Great-West. Once completed, this language will be reviewed by Mercer and the City Attorney. Staff anticipates that all revisions to the Plan's governing documents will be completed by mid-April.

Payroll changes – Staff held a meeting with City Controller on February 2, 2011 to address the addition of a separate payroll deduction for the Roth savings option, the new reporting on employee's W-2's, and the ability to capture the unused balance for Catch-Up enrollment. Also discussed were system changes that would need to occur to guarantee that a participant does not over contribute the maximum annual limits between both the regular and Roth contributions to Deferred Compensation.

City Controller explained to staff that all Deferred Compensation files continue to be sent to Great-West through the City's Legacy payroll system. The Information Technology Agency (ITA) is currently undergoing a project to eliminate all reports from the Legacy payroll system by July 1, 2011 and replace them in the new payroll system, "PaySr". Given this, the Controller indicated that the Roth deduction and contribution functionality will be built into PaySr, and as a result, ITA potentially may request the Plan to push back our implementation date to July 1, 2011.

Staff has scheduled a follow-up meeting with DWP Payroll for February 10, 2011 to discuss the modifications to the files that will need to be sent to Great-West for the Roth contributions. Staff will coordinate a meeting in March with the programmers from DWP and Great-West to make sure that new rules and reporting are handled properly.

Communications - Staff held a meeting with Great-West on February 1, 2011 to develop the core conceptual metaphor regarding introducing this option. An initial concept has been proposed and Great-West's communications team is presently reviewing this concept and further discussion and development of related imagery/text will proceed over the next several weeks.

The following documents have been identified as priority targets for revision:

- Plan Enrollment Booklet
- Plan Enrollment Form
- Plan Highlights
- Plan Distribution Form
- Plan Distribution Guide
- Plan Website

Staff's objective is to integrate the core metaphor into all of these materials and to relate that back to the general theme/materials presently used by the Plan.

Staff will continue to update the Board on the progress of the Roth 457 implementation.

Submitted by: _____
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Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez